April 6, 2020

VIA E-MAIL

Vanessa Countryman
Acting Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: **Proposed Rule Change to Increase Position Limits for Options on Certain Exchange-Traded Funds ("ETFs") and Indexes, Rel. 34-88350 (SR-CBOE-2020-015)**

Dear Ms. Countryman,

CTC, LLC[1] ("CTC") appreciates the opportunity to comment on the recent Cboe filing (the "Proposal") to increase position limits in options on certain ETFs pursuant to Exchange Rule(s) 8.30 and 8.30.07. The proposed rule would increase and, in some cases, double the current position limits (and thereby the associated exercise limits) for specific, highly liquid ETFs. The proposal both brings position limits in line with customer demand and is also consistent with current liquidity in the affected ETF markets (options and underlying). Additionally, the proposal helps to provide an alternative to OTC markets, thus allowing more trading to occur on lit venues and to be cleared by the OCC. We believe that the proposed position limits are suitable for the ETFs in question and will not lead to any materially increased likelihood of market manipulation due to the massive degree of liquidity currently available in these ETFs – among the most liquid and highly-traded products in the world – on multiple marketplaces.

Cboe's arguments regarding position limits potentially impeding the investing public's ability to actively hedge and deploy income-generating strategies are well-founded. Furthermore, Cboe is correct that arbitrage opportunities (along with the creation/redemption process), which arise naturally from supply and demand for ETFs, are sufficient to ensure that the price of a liquid ETF seldom deviates far from its NAV. As Cboe states, there is ongoing competition between listed markets and OTC markets, and we believe that markets, and the public that utilizes them, are better served when trading occurs on lit, centrally-cleared venues, as opposed to through bilateral OTC agreements or other "dark" structures. Absent sufficiently large position limits, large institutions, which represent the holdings of the general public, will be forced to seek out OTC markets when hedging their portfolios, even in cases where they may otherwise prefer to execute their business on exchanges.

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[1] CTC is a proprietary trading firm that provides liquidity in the regulated futures options and securities options markets in the U.S. and internationally. CTC's affiliated entities include a registered broker-dealer that is a member of the Chicago Board Options Exchange, the C2 Options Exchange, Cboe BZX Options, NYSE Arca Options, NYSE American Options, Nasdaq ISE, and Nasdaq Phlx.

Selectively and appropriately increasing position limits for specific, highly-liquid ETFs will provide a targeted benefit to the investing public which will greatly outweigh the *de minimis* risk of market manipulation given the state of reporting and surveillance available to the exchanges. For these reasons, CTC respectfully recommends that the Commission approve the Proposal.

Sincerely,

Steve Crutchfield
Head of Market Structure